

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
STATEMENT OF ADMIRAL PAUL A. YOST, JR.
ON THE FY 1990 BUDGET REQUEST
HOUSE OF REPRESENTATIVES SUBCOMMITTEE
ON COAST GUARD AND NAVIGATION
COMMITTEE ON MERCHANT MARINE AND FISHERIES
9 MARCH 1989

GOOD MORNING, MR. CHAIRMAN. I AM PLEASED TO MEET WITH YOU AND THE OTHER DISTINGUISHED MEMBERS OF THIS SUBCOMMITTEE TO REVIEW AND DISCUSS THE COAST GUARD'S FISCAL YEAR 1990 BUDGET REQUEST.

UNITED STATES COAST GUARD
AN AVERAGE DAY

- * SAVED 16 LIVES
- * ASSISTED 361 PEOPLE
- * SAVED \$ 2,500,000 IN PROPERTY
- * COMPLETED 154 SEARCH AND RESCUE CASES
- * RESPONDED TO 23 OIL OR HAZARDOUS CHEMICAL SPILLS
- * BOARDED 43 LARGE VESSELS FOR PORT SAFETY CHECKS
- * INSPECTED 64 COMMERCIAL VESSELS
- * INVESTIGATED 17 MARINE ACCIDENTS
- * SEIZED 3500 LBS OF MARIJUANA
- * SEIZED 35 LBS OF COCAINE
- * STREET VALUE OF DRUGS: \$ 6,000,000
- * SERVICED 150 AIDS TO NAVIGATION
- * COST: ONLY \$8.5 MILLION

ACCOMPANYING ME ON THIS AVERAGE COAST GUARD DAY ARE THE VICE COMMANDANT, VICE ADMIRAL CLYDE LUSK; THE CHIEF OF THE PROGRAMS DIVISION, CAPTAIN KEN THOMPSON; AND THE CHIEF OF THE BUDGET DIVISION, CAPTAIN DAVE SPADE.

MR. CHAIRMAN, CONGRATULATIONS AND WELCOME TO YOUR NEW JOB. I LOOK FORWARD TO WORKING WITH YOU IN IDENTIFYING AND OBTAINING THE FUNDS NEEDED TO ADEQUATELY SUPPORT THE COAST GUARD'S MANY MISSIONS. PRESIDENT BUSH AND SECRETARY SKINNER HAVE ASSURED ME OF THEIR STRONG SUPPORT FOR THE COAST GUARD'S FISCAL YEAR 1990

BUDGET REQUEST. AS SECRETARY SKINNER TESTIFIED, WE WANT TO WORK CLOSELY WITH YOU AGAIN SO THAT TOGETHER WE CAN KEEP THE COAST GUARD WORKING EFFECTIVELY DOING THE MANY JOBS THAT ARE SO IMPORTANT TO THE AMERICAN TAXPAYERS.

AS WE BEGIN OUR 200TH YEAR OF SERVICE, OUR MISSIONS HAVE NEVER BEEN MORE IMPORTANT TO THIS GREAT NATION. FOR TWO HUNDRED YEARS WE HAVE APPLIED, AND WE WILL CONTINUE TO APPLY, OUR BASIC MULTI-MISSION EXPERTISE TO CHANGING NATIONAL PRIORITIES. OUR PEACETIME MISSIONS ALSO GIVE US THE EXPERTISE, ASSETS, AND COMMAND-AND-CONTROL STRUCTURE ESSENTIAL TO THE CRITICAL ROLE OUR FORCES PLAY IN THE NATION'S WAR PLANS. WE ARE PROUD OF OUR SEARCH AND RESCUE MISSION THAT EARNED US THE NICKNAME "THE LIFESAVERS," AND OF THE ROLE WE HAVE PLAYED IN THE NATION'S OUTSTANDING MARITIME SAFETY RECORD. WE ENSURE THE SAFE AND



EFFICIENT FLOW OF MARITIME COMMERCE AND TRAFFIC BY MAINTAINING OUR NATION'S AIDS TO NAVIGATION SYSTEM. OUR PORT AND VESSEL SAFETY PROGRAMS ARE MODELS FOR THE WORLD'S MARITIME NATIONS. AS OPERATORS OF THE NATION'S ONLY TWO POLAR ICEBREAKERS, WE HELP PROTECT OUR NATIONAL SECURITY, AS WELL AS OUR ENVIRONMENTAL AND

SCIENTIFIC INTERESTS IN THE POLAR REGIONS. WE ENFORCE FISHERIES LAWS AND TREATIES THAT ARE ESSENTIAL TO THAT VITAL SEGMENT OF OUR ECONOMY. OUR WORK IN DRUG INTERDICTION HAS INCREASED OVER THE PAST TWO DECADES, ALONG WITH AMERICA'S RECOGNITION OF THE NEED TO CONTROL THIS MENACE. AS TRADITIONAL AND NEW SOURCES OF POLLUTION THREATEN OUR COASTAL REGIONS, OUR RESPONSIBILITIES FOR PROTECTING THE MARINE ENVIRONMENT HAVE BECOME MORE CRITICAL.



IN ADDITION TO OUR IMPORTANT STATUTORY PEACETIME FUNCTIONS, WE HAVE A SIGNIFICANT DEFENSE READINESS MISSION TO FULFIL, IN WHICH OUR ACTIVE DUTY PERSONNEL AND SELECTED RESERVES PLAY A VITAL ROLE AS PART OF THE DEPARTMENT OF THE NAVY, UPON MOBILIZATION.

OUR REQUEST FUNDS ONLY THE ESSENTIAL RESOURCES WE NEED TO MEET THESE RESPONSIBILITIES IN MARINE SAFETY, ENVIRONMENTAL PROTECTION, MARITIME LAW ENFORCEMENT, AND DEFENSE READINESS. OUR OPERATING EXPENSES (OE) APPROPRIATION REQUEST FUNDS EXISTING LEVELS OF SERVICE (EXCEPT FOR ABSORPTION OF A SIGNIFICANT PORTION OF THE FY 1989 PAY RAISE) PLUS A VERY MODEST AMOUNT FOR UPGRADES AND FOLLOW-ON OPERATIONS OF NEW HARDWARE THAT CONGRESS HAS FUNDED

IN RECENT YEARS. OUR ACQUISITION CONSTRUCTION & IMPROVEMENTS (AC&I) APPROPRIATION REQUEST PROVIDES A PROGRAM LEVEL THAT WE NEED TO SUSTAIN OUR CAPITAL PLANT. AND, OUR RESERVE TRAINING (RT) APPROPRIATION CONTINUES TO FUND OUR PLAN FOR PHASED GROWTH OF THE SELECTED RESERVE TO MEET 95 PERCENT OF OUR WARTIME RESERVE MOBILIZATION REQUIREMENTS BY SEPTEMBER 30, 1998.

WHEN YOU COMPARE OUR APPROPRIATION REQUEST LEVELS TO OUR FY 1989 BUDGET, IT APPEARS THAT THERE IS A LARGE INCREASE. BUT, ASIDE FROM THE \$244 MILLION REQUESTED FOR THE REPLACEMENT POLAR ICEBREAKER, THIS BUDGET REQUEST REPRESENTS A 3.6 PERCENT INCREASE OVER OUR FY 1989 APPROPRIATION (APPROXIMATELY THE INFLATION RATE), YET OUR WORKLOAD CONTINUES TO GROW.

WE'VE DONE A GREAT DEAL TO REDUCE OUR BUDGET REQUIREMENTS OVER THE LAST DECADE. WE'VE MADE SIGNIFICANT REALLOCATIONS OF EXISTING RESOURCES TO MEET NEW PRIORITIES. WE REALIGNED OUR FIELD MANAGEMENT AND SUPPORT FUNCTIONS, FREEING UP OVER 400 STAFF PERSONNEL FOR TRANSFER TO OPERATIONAL DUTIES ON OUR SHIPS AND AIRCRAFT. BY RESTRUCTURING OUR HEADQUARTERS FUNCTIONS, WE WERE ABLE TO REDUCE 140 STAFF POSITIONS. WE REMAIN LEADERS IN FEDERAL PRODUCTIVITY EFFORTS. BUT, EVEN WITH ALL OF THESE ECONOMIZING MEASURES, THE INCREASES REQUESTED FOR FY 1990 ARE NEEDED TO KEEP UP WITH THE EXPANDED MISSIONS WHICH CONGRESS AND THE AMERICAN PEOPLE EXPECT US TO PERFORM.

BUDGET TOTALS

THE TOTAL BUDGET AUTHORITY WE ARE REQUESTING IS \$3,468.9 MILLION. APPROXIMATELY 65 PERCENT, \$2,252.2 MILLION (INCLUDING \$30 MILLION FROM THE BOAT SAFETY ACCOUNT), IS FOR OPERATING EXPENSES. THIS APPROPRIATION FUNDS SALARIES AND ENTITLEMENTS FOR MOST OF OUR PERSONNEL, AND THE OPERATION AND MAINTENANCE OF COAST GUARD SHIPS, AIRCRAFT AND SHORE UNITS, INCLUDING FACILITIES ACQUIRED THROUGH CAPITAL INVESTMENTS IN RECENT YEARS.

WE ARE REQUESTING \$682.3 MILLION TO FUND MAJOR CAPITAL IMPROVEMENTS. \$244 MILLION IS FOR THE REPLACEMENT POLAR ICEBREAKER. MOST OF THE BALANCE IS FOR REPLACEMENT, RENOVATION, OR MODERNIZATION OF MULTI-MISSION FACILITIES.

WE NEED \$73.8 MILLION TO FUND A SELECTED RESERVE STRENGTH OF 12,950, AN INCREASE OF 850 MEMBERS.

THE \$19.0 MILLION WE ARE REQUESTING FOR RESEARCH AND DEVELOPMENT WILL FUND THE DEVELOPMENT OF TECHNIQUES, METHODS, HARDWARE AND SYSTEMS THAT WILL CONTRIBUTE ENORMOUSLY TO THE PRODUCTIVITY AND EFFECTIVENESS OF OUR OPERATING FORCES.

WE ARE REQUESTING \$15 MILLION FOR BOAT SAFETY GRANTS TO STATES FOR THEIR USE IN DEVELOPING AND IMPLEMENTING A COORDINATED RECREATIONAL BOATING SAFETY PROGRAM FOR THE NATION.

THE \$420.8 MILLION REQUESTED IN THE RETIRED PAY ACCOUNT FUNDS ANNUITIES AND MEDICAL ENTITLEMENTS FOR RETIRED MILITARY PERSONNEL, THEIR DEPENDENTS AND SURVIVORS.

OVERALL, OUR REQUEST SUPPORTS A LEVEL OF 38,252 MILITARY AND 5,589 CIVILIAN FULL TIME EQUIVALENTS.

OUR REQUEST DOES NOT INCLUDE THE \$2.3 MILLION REQUIRED FOR THE BRIDGE ADMINISTRATION PROGRAM, ON THE ASSUMPTION THAT LEGISLATION WILL BE ENACTED TRANSFERRING THAT PROGRAM TO THE ARMY CORPS OF ENGINEERS. THE COAST GUARD HAS WORKED CLOSELY WITH THE ARMY CORPS OF ENGINEERS, AND I SUPPORT THE TRANSFER OF THIS FUNCTION.

OPERATING EXPENSES (OE)

WE ARE REQUESTING A \$130 MILLION INCREASE IN OUR OPERATING EXPENSES APPROPRIATION. \$50 MILLION OF THE INCREASE FUNDS BUILT-IN CHANGES SUCH AS A PORTION OF THE RECENTLY ENACTED PAY RAISE AND A 3.6% COST OF LIVING INCREASE WHICH ARE NECESSARY TO MAINTAIN OUR PRESENT LEVEL OF SERVICE IN FY 1990. THE REMAINING \$80 MILLION HAS TWO COMPONENTS.

\$40 MILLION IS NEEDED TO MAINTAIN AND UPGRADE SOME OF OUR CAPITAL ASSETS, AND FOR SOME BADLY NEEDED "PEOPLE" PROGRAMS. IT INCLUDES FUNDS FOR INTELLIGENCE OPERATIONS TO IMPROVE OUR LAW ENFORCEMENT CAPABILITY, FUNDING FOR OUR GROWING ENVIRONMENTAL PROTECTION PROGRAM, AND FUNDS TO HELP ELIMINATE OUR HU-25 SPARE PARTS SHORTFALL.

\$40 MILLION IS FOR FOLLOW-ON EXPENSES NECESSARY TO OPERATE AND MAINTAIN NEW CAPITAL ASSETS SUCH AS: THE E-2C HAWKEYE SURVEILLANCE AIRCRAFT TO BE TRANSFERRED FROM THE CUSTOMS SERVICE, HH-65 HELICOPTERS, AEROSTATS, POST-FRAM 378' HIGH ENDURANCE CUTTERS, AND ISLAND CLASS PATROL BOATS. THESE ASSETS ARE CRITICAL FOR MEETING OUR DRUG INTERDICTION RESPONSIBILITIES, AND THEY ARE ALSO AVAILABLE TO OTHER MISSIONS AS DICTATED BY NATIONAL PRIORITIES.



OUR FY 1990 BUDGET REQUEST INCLUDES, AS PART OF OUR FUNDING BASE, THE \$200 MILLION THAT WE ARE RECEIVING FROM THE DOD APPROPRIATION IN 1989 (\$60 MILLION IN FUNDING AND \$140 MILLION IN SERVICES-IN-KIND). THIS MONEY IS ABSOLUTELY ESSENTIAL - WE COULDN'T DO BUSINESS WITHOUT IT. I APPRECIATE THE SUPPORT OF THOSE WHO RECOGNIZED OUR NEED AND WORKED TO INCLUDE FUNDS IN THE DOD APPROPRIATION FOR THE COAST GUARD. HOWEVER, MY POSITION AND THE ADMINISTRATION'S POSITION IS THAT FUNDING FOR THE COAST GUARD BELONGS IN THE DEPARTMENT OF TRANSPORTATION APPROPRIATION BILL. WITH CONGRESSIONAL REPORT LANGUAGE LAST YEAR STATING THAT FY 1989 WOULD BE THE LAST YEAR THAT DOD WOULD PROVIDE FUNDS TO THE COAST GUARD, I AM INCREASINGLY APPREHENSIVE ABOUT THIS \$200 MILLION. AS THE BUDGET COMMITTEES MAKE THEIR SECTION 302A ALLOCATIONS, AND THE APPROPRIATIONS COMMITTEES MAKE THEIR SECTION 302B ALLOCATIONS TO THEIR SUBCOMMITTEES, IT IS CRITICAL THAT THIS \$200 MILLION BE ACCOUNTED FOR IN FUNCTION 400.

THERE IS NO SLACK IN OUR BUDGET. WE MUST CONTINUE TO FUND THE OPERATING COSTS FOR THE RESOURCES WE ALREADY HAVE SO THAT

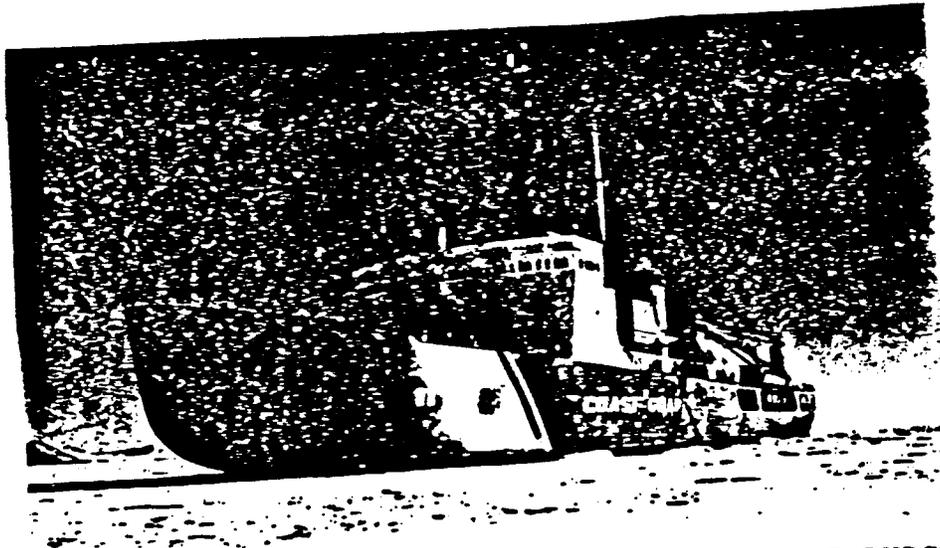
THEY CAN OPERATE TO THEIR FULL CAPABILITIES IN THEIR MANY MISSION AREAS. AND, WE ARE ASKING FOR AN INCREASE TO OUR BUDGET BASE TO PAY THE OPERATING COSTS FOR NEW FACILITIES COMING ON LINE - NEW AIRCRAFT AND CUTTERS, MODERNIZED CUTTERS, AND UPGRADED WEAPONS AND SENSOR SYSTEMS.

WE ALL RECOGNIZE THAT THE COMMITMENT TO COMBAT THE FLOW OF DRUGS INTO THIS NATION MUST CONTINUE. CONGRESS HAS MADE THIS CLEAR WITH THE ANTI-DRUG ABUSE ACT OF 1988, WHICH PROVIDED ADDITIONAL RESOURCES FOR THE COAST GUARD AND OTHER FEDERAL LAW ENFORCEMENT AGENCIES TO "HOLD THE LINE" AGAINST THE IMPORTATION OF ILLEGAL DRUGS. PRESIDENT BUSH HAS MADE CLEAR HIS COMMITMENT BY AMENDING THE COAST GUARD REQUEST TO INCREASE DRUG INTERDICTION FUNDING BY \$10 MILLION. OUR DRUG LAW ENFORCEMENT EFFORT IS NECESSARY UNTIL THE LONG-TERM SOLUTION OF DEMAND REDUCTION CAN TAKE HOLD. WE NEED YOUR SUPPORT TO CONTINUE OUR ROLE IN THE DRUG WAR. IT IS NOT AN EASY FIGHT, BUT WE MUST STAY THE COURSE. THE AMERICAN PEOPLE EXPECT AND DESERVE NO LESS.

ACQUISITION, CONSTRUCTION AND IMPROVEMENTS (AC&I)

OVER ONE-THIRD OF OUR AC&I REQUEST, \$244 MILLION, IS FOR A REPLACEMENT POLAR ICEBREAKER ... A NATIONAL ASSET. STUDIES ON POLAR OPERATIONS HAVE REPEATEDLY SUBSTANTIATED AND CONFIRMED THE NEED FOR ADDITIONAL POLAR ICEBREAKING CAPABILITY TO MEET NATIONAL SECURITY REQUIREMENTS, PROTECT OUR NATION'S ECONOMIC COMPETITIVE INTERESTS AND MEET THE UNITED STATES' INTERNATIONAL TREATY REQUIREMENTS IN THE ARCTIC AND ANTARCTIC. SINCE 1987, OUR ICEBREAKER FLEET HAS DWINDLED FROM FIVE TO ONLY TWO. WE ARE NOW

AT THE POINT WHERE WE ARE UNABLE TO RESPOND TO ALL OF THE NATION'S MANY NEEDS IN THE POLAR REGIONS.



ASIDE FROM THE ICEBREAKER, THE FY 1990 AC&I BUDGET CONTINUES TO BE DOMINATED BY MULTI-YEAR PROJECTS, SUCH AS THE FLEET RENOVATION AND MODERNIZATION (FRAM) PROGRAM FOR OUR 378-FOOT CUTTERS AND THE PURCHASE OF OUR LAST EIGHT, OF A BUY OF 32, MEDIUM RANGE RECOVERY (MRR) HELICOPTERS. WE ALSO HAVE A SMALL AMOUNT OF RELATIVELY FIXED EXPENSES FOR PROJECT SUPPORT, AND A FEW MULTI-YEAR PROGRAMS WHICH REQUIRE ANNUAL FUNDING, SUCH AS MINOR AC&I, WATERWAYS, AND FAMILY HOUSING.

LESS THAN 14 PERCENT OF THE AC&I BUDGET (EXCEPT FOR THE POLAR ICEBREAKER) IS FOR NEW PROJECTS, AND MOST OF THIS IS DEVOTED TO REPLACEMENT ASSETS - SHORE FACILITIES, SMALL BOATS, AND SPARE PARTS FOR EXISTING AIRCRAFT. LESS THAN 3% OF THIS AC&I BUDGET IS DEVOTED TO TRULY NEW INITIATIVES. THIS MODEST AMOUNT, ABOUT \$20 MILLION, WILL PROVIDE FOR SAFETY AND MISSION ENHANCEMENTS (SUCH AS THE LOCAL USER TERMINALS FOR THE SEARCH AND RESCUE SATELLITE NETWORK AND THE TALON HELICOPTER TIEDOWN SYSTEM

FOR THE SAFETY OF OUR SHIPBOARD PILOTS) AND MISSION ENHANCEMENTS (SUCH AS THE ACTIVE GATED TELEVISION AND PORTABLE INTELLIGENCE SYSTEM).

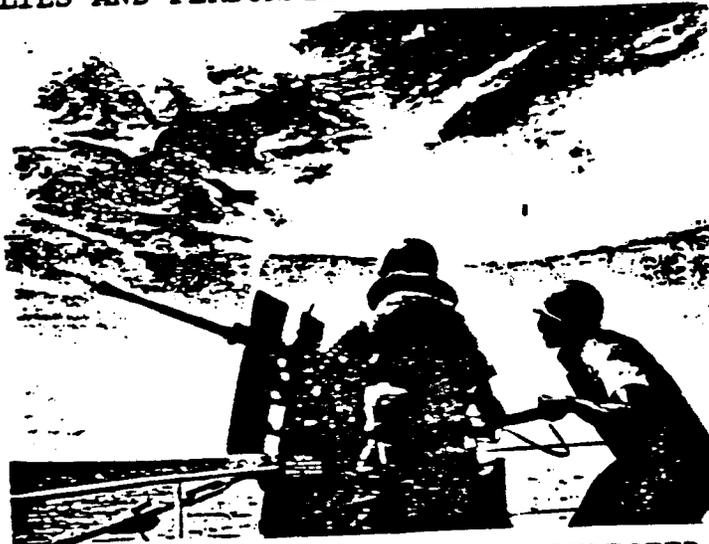
ASIDE FROM THE ICEBREAKER, THIS BUDGET FOCUSES ON HIGH PRIORITY REQUIREMENTS FOR RENEWING OUR PRESENT CAPITAL PLANT. SEVERAL PROJECTS HAVE BEEN PHASED TO DEFER, TO THE OUTYEARS, ALL BUT THE IMMEDIATELY ESSENTIAL COSTS. THIS BUDGET ALSO BEGINS AN ATTEMPT TO TURN THE CORNER ON THE REPLACEMENT OF OUR SOMEWHAT NEGLECTED SHORE PLANT. THIS IS A SERIOUS CONCERN, SINCE OUR BACKLOG OF POSTPONED PROJECTS IS GROWING AT AN INCREASING RATE.

RESERVE TRAINING

THE COAST GUARD RESERVE PROVIDES TRAINED UNITS AND QUALIFIED PERSONNEL FOR ACTIVE DUTY IN THE COAST GUARD IN TIME OF WAR OR NATIONAL EMERGENCY, AND AT SUCH OTHER TIMES AS NATIONAL SECURITY REQUIRES. IN THE COURSE OF TRAINING TO MEET THESE RESPONSIBILITIES, RESERVISTS AUGMENT THE ACTIVE DUTY COAST GUARD PERFORMING PEACETIME MISSIONS DURING NORMAL AND PEAK PERIODS OF OPERATIONS, AS WELL AS IN TIMES OF DOMESTIC EMERGENCIES.

WE HAVE EMBARKED ON A 10 YEAR PLAN TO BRING OUR SELECTED RESERVE STRENGTH UP TO A LEVEL WHICH MEETS 95% OF OUR HIGHEST PRIORITY MOBILIZATION REQUIREMENTS. OUR BUDGET REQUEST ADDS 850 RESERVISTS TO RAISE OUR SELECTED RESERVE FORCE TO A FUNDED STRENGTH OF 12,950 BY THE END OF FY 1990. THE ADDITIONAL PERSONNEL WILL IMPROVE OUR ABILITY TO PROVIDE SECURITY FOR MILITARY-ESSENTIAL FACILITIES IN THE NATION'S PORTS, AND TO EXTEND PROTECTION TO THE WATERWAYS LEADING FROM THOSE FACILITIES

TO THE OPEN SEAS. FAILURE TO ACCOMPLISH THESE MISSIONS WOULD SEVERELY WEAKEN OUR NATION'S ABILITY TO SAFELY AND EFFICIENTLY OUTLOAD SUPPLIES AND PERSONNEL FROM U.S. DOMESTIC PORTS. THE



INCREASE IN FY 1990 FOLLOWS OUR 10-YEAR SELECTED RESERVE GROWTH PLAN AND REPRESENTS A 7 PERCENT GROWTH RATE. THE REQUESTED INCREASE WILL ENABLE THE COAST GUARD SELECTED RESERVE TO MEET 65 PERCENT OF ITS MINIMUM MOBILIZATION REQUIREMENTS.

SUMMARY

WE ARE A READY, MULTI-MISSION FORCE WITH A TRADITION OF RESPONDING TO CHANGING NATIONAL MARITIME PRIORITIES OVER THE PAST 200 YEARS. TO MEET TODAY'S RESPONSIBILITIES TO THE NATION, WE MUST HAVE THE NECESSARY FUNDING, PEOPLE, TRAINING, AND EQUIPMENT TO GET THE MOST FROM THE RESOURCES YOU HAVE RECENTLY PROVIDED FOR THE JOB AT HAND. OUR FY 1990 BUDGET REQUEST IS AUSTERE BUT NECESSARY TO DO THE JOB TODAY AND TO DEVELOP THE BASIC MARITIME EXPERTISE THE NATION WILL NEED IN THE FUTURE.

I ASK FOR YOUR SUPPORT FOR FULLY FUNDING THE COAST GUARD BUDGET REQUEST. THE COAST GUARD IS A WISE INVESTMENT.

I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS YOU OR THE OTHER MEMBERS OF THE SUBCOMMITTEE MIGHT HAVE.

